

Health and well-being in times of austerity

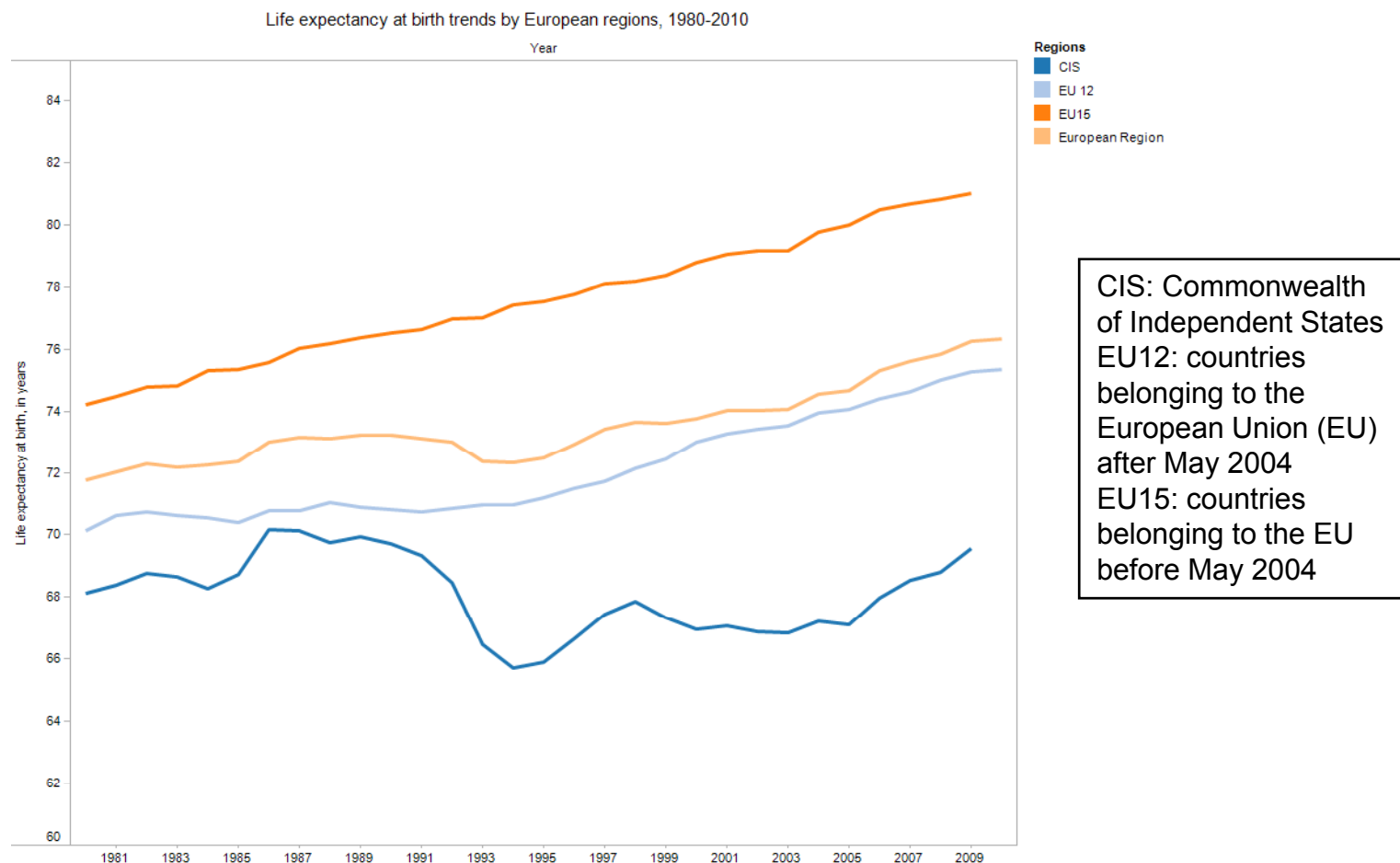
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Why Health 2020?

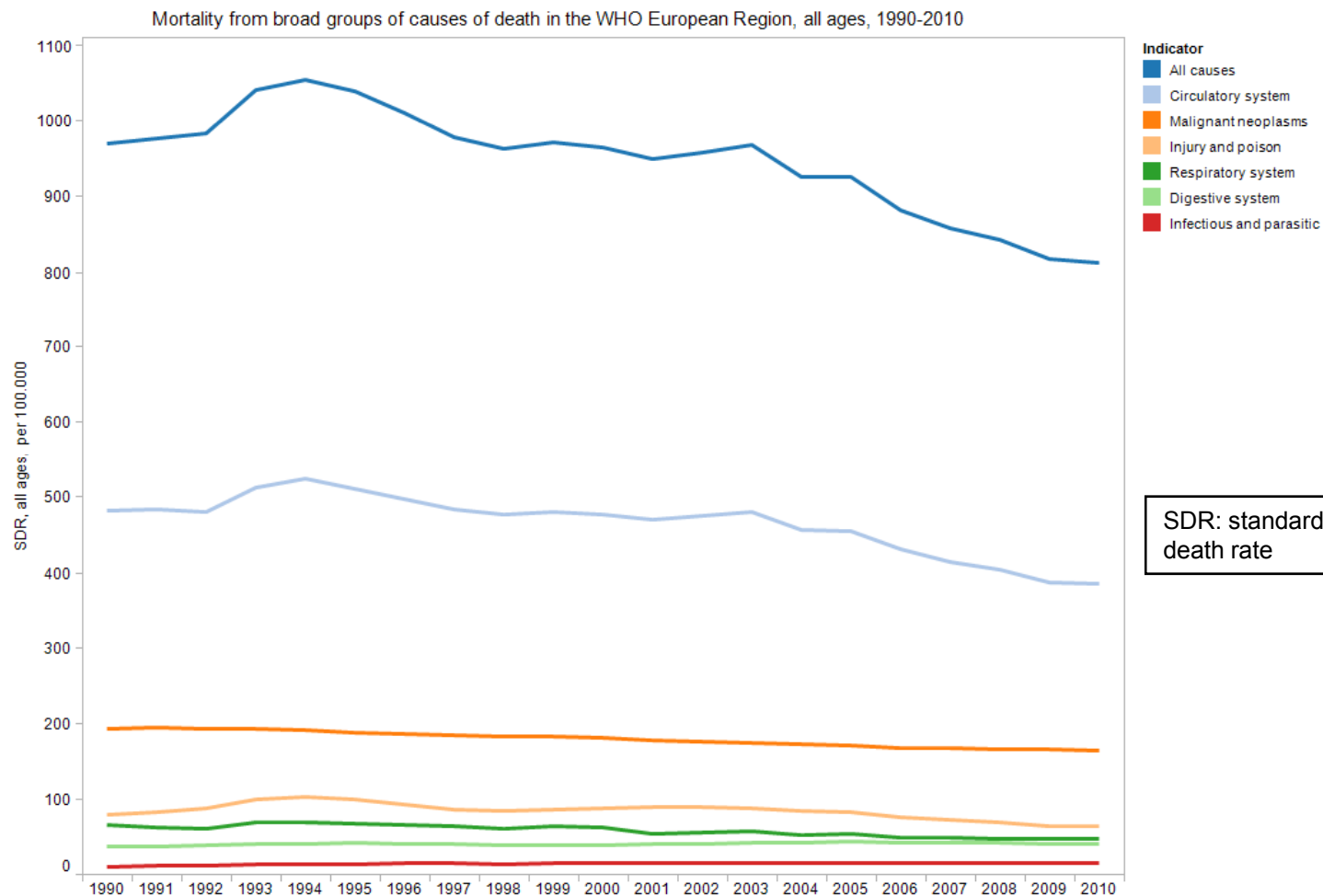


Financial and economic crisis is threatening the gains made across Europe in recent decades, and exacerbating the longer-term challenges to health systems

Overall health improvement (5 years' life expectancy gained) but with an important divide



Major burden in the Region due to noncommunicable diseases



Promoting health in times of austerity

- Countries in the European Region differ greatly in the extent to which the financial crisis has affected their public finances, with countries to the west particularly badly hit
- But across the Region there are lower economic growth, higher unemployment and, as a result, downward pressure on public finances
- The crisis exacerbated existing health-system challenges

Economic case for health promotion and disease prevention

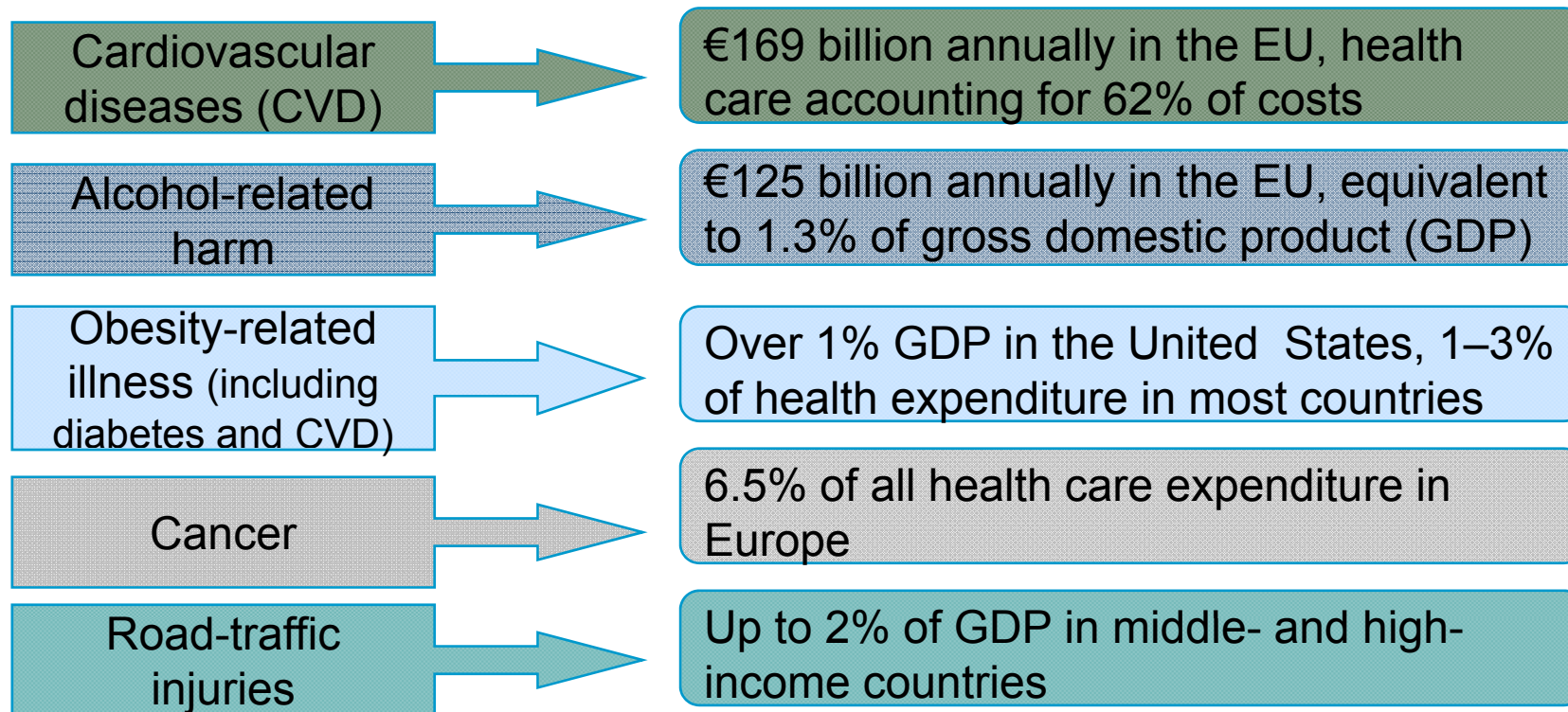


The economic impact of noncommunicable diseases amounts to many hundreds of billions of euros every year

Many costs are avoidable through investing in health promotion and disease prevention

Today governments spend an average of 3% of their health budgets on prevention

Some examples



Sources: data from Leal et al. (*Eur Heart J*, 2006, 27(13):1610–1619 (<http://www.herc.ox.ac.uk/pubs/bibliography/Leal2006>)), *Alcohol-related harm in Europe – Key data* (Brussels, European Commission Directorate-General for Health and Consumer Protection, 2006 (http://ec.europa.eu/health/archive/ph_determinants/life_style/alcohol/documents/alcohol_factsheet_en.pdf)), Sassi (*Obesity and the economics of prevention – Fit not fat*. Paris, Organisation for Economic Co-operation and Development, 2010) and Stark (*EJHP Practice*, 2006, 12(2):53–56 (<http://www.google.co.uk/url?q=http://www.eahp.eu/content/download/25013/162991/file/SpecialReport53-56.pdf&sa=U&ei=BNI4T-K7JoKL0QGXS6HFAG&ved=0CBwQFjAF&usg=AFQjCNHS922oF8d0RLN5C14ddpMVeRn8BA>)).

Using fiscal policy: the short-term benefits of sin taxes



Tobacco

A 10% price increase in taxes could result in up to 1.8 million fewer premature deaths at a cost of US\$ 3–78 per disability-adjusted life-year (DALY) in eastern European and central Asian countries



Alcohol

In England, benefits close to €600 million in reduced health and welfare costs and reduced labor and productivity losses, at an implementation cost of less than €0.10 per capita

Source: McDaid, Sassi & Merkur. The economic case for public health action. Maidenhead, Open University Press (forthcoming).

Health systems as an economic sector

- Health as an economic sector
 - Accounts for about 10% of GDP in the EU
 - Pharmaceuticals: €196 billion, 640 000 jobs, fifth largest sector in EU
 - Medical technology: €95 billion, 5% annual growth, 550 000 jobs in the EU
 - Larger than the financial-services or retail sector
- Labour market
 - About 6% of all workers in the EU27 employed in the health sector
- Impact on competitiveness of overall economy
 - Labour costs, market mobility, trade, research and development, innovation

Impact of health on economic growth

- Macroeconomic growth
 - 1% life expectancy increase = 6% GDP growth (Organisation for Economic Co-operation and Development (OECD))
 - 10% decrease in CVD = 1% per capita income growth (2009)
- Labor force participation
 - Absenteeism due to illness: 4.2 days/worker (EU, 2009), average cost of absenteeism: 2.5% of GDP
 - Reduced age of retirement (2.8 years) due to poor health
 - Less likelihood to work (66% ♂, 42% ♀) due to chronic diseases

Facts from present and past crises

Unemployment

- Associated with a doubling of the risk of illness and 60% less likelihood of recovery from disease^{*}
- Strong correlation with increased alcohol poisoning, liver cirrhosis, ulcers, mental disorders^{**}
- Increase of suicide incidence: 17% in Greece and Latvia, 13% in Ireland^{***}
- Active labour market policies and well-targeted social protection expenditure can eliminate most of these adverse effects^{****}

Health impact of social welfare spending and GDP growth

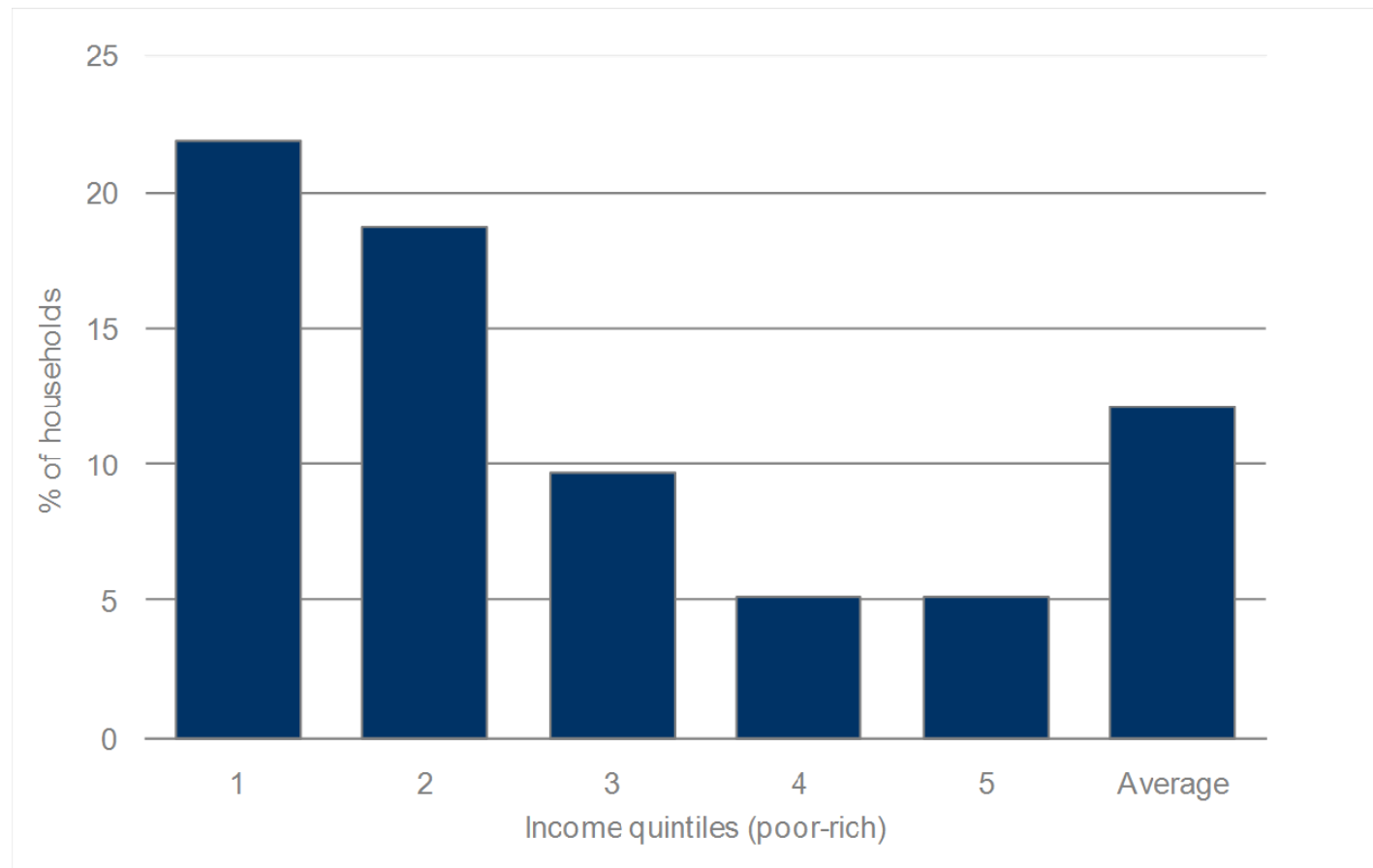
Social welfare spending

- Each additional US\$ 100 per capita spent on social welfare (including health) is associated with a **1.19%** reduction in mortality

GDP

- Each additional US\$ 100 per capita increase in GDP is associated with **only 0.11%** reduction in mortality

Catastrophic spending is highest among poorer people



Improving efficiency reduces adverse effects of the crisis and helps secure popular and political support for more spending in the future



Eliminate ineffective and inappropriate services

Improve rational drug use (including volume control)

Allocate more to primary and outpatient specialist care at the expense of hospitals

Invest in infrastructure that is less costly to run

Cut the volume of least cost-effective services

“Reaching higher and broader”: some lessons learnt from the crisis

- Going upstream to address root causes, such as public health, health promotion and disease prevention
- Making the case for whole-of-government and whole-of-society approaches
- Offering a framework for integrated and coherent interventions

Further reflections on navigating the crisis

- Avoid across-the-board budgets cuts
- Aim public expenditures better on the poor and vulnerable
- Protect access to services by focusing on supply-side efficiency gains, such as:
 - wiser use of medicines and technologies
 - rationalizing of service-delivery structures
- Think long term and implement counter-cyclical public spending (save in good times to spend in bad times)

Supporting Member States in navigating the crisis is central to WHO's work



WHO course on health financing for universal coverage
2012, Barcelona, Spain

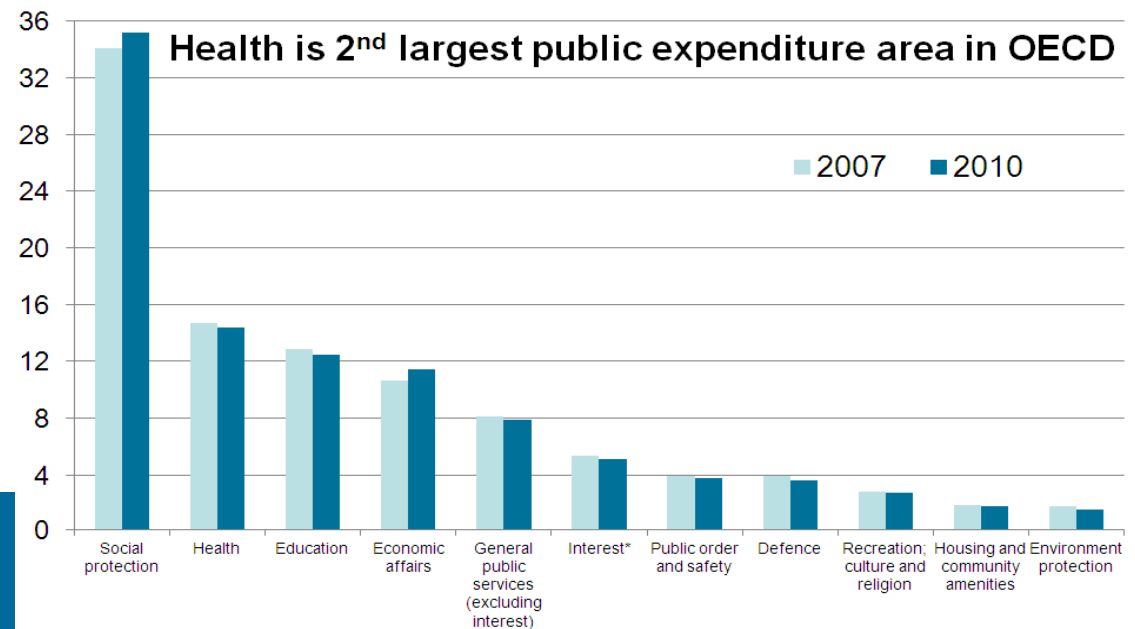
Ministerial conference to review how health systems are coping with the impact of the crisis
2013, Oslo, Norway



Closer cooperation between health and finance ministries



OECD/WHO joint meeting on financial sustainability of health systems
2012, Tallinn, Estonia



Source: OECD Fiscal Consolidation Survey 2012.

Improving governance for health and increasing participation

Governing through:

- collaboration
- citizen engagement
- a mix of regulation and persuasion
- independent agencies and expert bodies
- adaptive policies, resilient structures and foresight

The 21st century approach to governance for health



Health 2020: towards a healthier Europe



World Health
Organization

REGIONAL OFFICE FOR Europe

Health and well-being in times of austerity
Bad Hofgastein, Austria, 3 October 2012